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Message Text

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51
ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 VO-03 CIAE-00 INR-07 NSAE-00 /030 W
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TO SECSTATE WASHDC 8247
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C O N F I D E N T I A L MOSCOW 3592

USDOC FOR BEWT/TDAD

E.O. 11652: GDS
TAGS: EEWT, ETRD, ENRG, UR, US
SUBJECT: LARGE SALE MADE BY BAKER OIL TOOLS; SOVIETS PLAN TO VISIT FIRM

1. BAKER TRADING COMPANY REP (R. TAYLOR) INFORMED COMMATT MARCH 17 THAT HE HAD SIGNED CONTRACT VALUED AT DOLLARS 3 MILLION FOR OIL AND GAS FIELD EQUIPMENT. TAYLOR ALSO ADVISED THAT TWO MASHINOIMPORT OFFICIALS (V.S. MATVEYEV AND T. KUNAVINA) HAD BEEN INVITED TO VISIT BAKER (AND ITS COMPETITORS, OTIS ENGINEERING AND CAMCO) FOR TWO WEEKS BEGINNING AT END OF MARCH. COMMATT SAID EMBASSY WOULD DO WHAT IT COULD TO FACILITATE VISIT BUT NOTED THAT VISA APPLICATION HAD NOT YET BEEN RECEIVED FOR TWO OFFICIALS IN QUESTIONS.

2. COMMENT: TAYLOR, AS WELL AS REPS OF COMPETING FIRMS, IS EXTREMELY BULLISH ON PROSPECTS FOR SALES OF OIL AND GAS FIELD EQUPMENT TO USSR. MAJOR PRIZE CURRENTLY UP FOR GRABS IS EQUIPMENT FOR ORENBURG NATURAL GAS PROJECT, WHICH TAYLOR VALUED AT ABOUT DOLLARS 15 MILLION. BECAUSE OF CREDIT AVAILABILITIES, BAKER IS QUOTING FOR THIS BUSINESS OUT OF FRANCE. HOWEVER, AS DESCRIBED BY TAYLOR, FRENCH INPUT INTO FINISHED PROJECT IS RELATIVELY SMALL AND CONSISTS CHIEFLY OF ASSEMBLY AND PACKAGING OF US-MADE COMPONENT PARTS. ONE OF THE IRONIC ASPECTS OF CURRENT COMPETITION FOR SOVIET ORDERS FOR OIL AND GAS FIELD EQUIPMENT IS THAT COMPANY WHICH FIRST BROKE INTO THIS MARKET, CAMCO, HAS DONE MUCH LESS BUSINESS, IN
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TOTAL, THAN ITS OTHER U.S. COMPETITORS, WHO WERE LATER ON THE

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SCENE. COMMOFF UNDERSTANDS THAT CAMCO'S ORIGINAL JOB HERE (PRAVDINSK OIL FIELD IN WESTERN SIBERIA), WHICH COMPANY WAS FORCED TO QUOTE OUT OF U.K. DUE TO U.S. EXPORT CONTROL RESTRICTIONS, TURNED OUT POORLY, WHICH CAUSED SOVIETS TO GIVE FOLLOW-ON ORDERS TO BAKER AND OTIS.
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